

Risk Rating Criteria

Impact						
#	Name	Financial	Strategic	Operational	Legal/Compliance	Reputational
1	Insignificant	< \$100,000	No impact to achievement of goals and objectives	No impact to service levels and business activities	No legal/compliance violations	No impact to CalPERS reputation
2	Minor	\$100k-\$1M	Minor delays or modifications to goals and objectives	Minor impact to service levels and business activities	Minor legal/compliance violations	Limited criticism from a few media sources
3	Moderate	\$1M-\$100M	Delays or modifications to goals and objectives	Impacts service levels or creates moderate business disruptions	Moderate violations lead to increased scrutiny	CalPERS is subject to criticism from several media sources
4	Major	\$100M-\$1B	Significant delays or reductions in scope of goals and objectives	Widespread disruption to service levels. Interruption of business functions.	Significant violations of law or loss of confidential data	Negative media reaches headlines of several publications
5	Critical	> \$1B	Failure to meet CalPERS goals and objectives	Cessation of business services for foreseeable future. Possible loss of life.	Violations result in widespread data loss, loss of tax qualified status, etc.	Irreparable damage to CalPERS reputation and credibility

Risk Rating Criteria

Likelihood			
#	Name	Probability	Considerations
1	Remote	0-5%	<ul style="list-style-type: none"> Effectiveness of controls and mitigations in place Number of processes and systems involved Historical and industry peer experiences Skills and competencies managing the risk Political/regulatory environment Time horizon (3-years)
2	Unlikely	6-20%	
3	Possible	21-50%	
4	Likely	51-80%	
5	Expected	81-100%	

Velocity			
#	Name	Speed	Considerations
1	Negligible	> 3 years	<ul style="list-style-type: none"> Early detection opportunities Reaction time available Current mitigation strategies Sudden or gradual impact Velocity may differ between risk categories
2	Slow	1-3 years	
3	Medium	6-12 months	
4	Fast	1-6 months	
5	Immediate	< 1 month	

Risk Category		
#	Name	Description
1	Green	Management has a high level of comfort that mitigations will reduce level of risk to an acceptable level within the target timeframe. No action is necessary.
2	Yellow	Management has a medium level of comfort that mitigations will reduce level of risk to an acceptable level within the target timeframe. Corrective action is necessary.
3	Red	Management has a low level of comfort that mitigations will reduce level of risk to an acceptable level within the target timeframe. Immediate corrective action is necessary.

Trend		
#	Rating	Description
1	↑	Risk is expected to increase over the next 1-3 months
2	→	Risk is expected to remain constant over the next 1-3 months
3	↓	Risk is expected to decrease over the next 1-3 months